

# QUARTERLY REPORT

LICENSEE TRUMP TAJ MAHAL CASINO RESORT

**FOR THE QUARTER ENDED DECEMBER 31, 2003**

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



**BALANCE SHEETS**

AS OF DECEMBER 31, 2003 AND 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	DECEMBER 2003	DECEMBER 2002
	<b>ASSETS</b>		
	Current Assets:		
1	Cash and Cash Equivalents.....	40,545	52,811
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2003, \$10,716; 2002, \$9,358)..... NOTE 2.....	16,130	15,609
4	Inventories.....	4,810	5,146
5	Prepaid Expenses and Other Current Assets.....	4,140	3,825
6	Total Current Assets.....	65,625	77,391
7	Investments, Advances, and Receivables - CRDA..... NOTE 7.....	10,554	11,402
8	Property and Equipment - Gross..... NOTE 2 & 3.....	1,140,804	1,115,209
9	Less: Accumulated Depreciation and Amortization..... NOTE 2 & 3.....	(289,459)	(248,564)
10	Property and Equipment - Net.....	851,345	866,645
11	Other Assets..... NOTE 6.....	11,345	12,858
12	Total Assets.....	938,869	968,296
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
13	Accounts Payable.....	12,311	12,621
14	Notes Payable.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	-	-
16	Other..... NOTE 4.....	9,960	5,668
17	Income Taxes Payable and Accrued.....	3,969	1,944
18	Other Accrued Expenses..... NOTE 5.....	26,678	27,016
19	Other Current Liabilities.....	10,029	8,876
20	Total Current Liabilities.....	62,947	56,125
	Long-Term Debt:		
21	Due to Affiliates..... NOTE 4 & 9.....	836,447	836,290
22	Other..... NOTE 4.....	10,257	10,171
23	Deferred Credits.....	-	-
24	Other Liabilities.....	400	973
25	Commitments and Contingencies..... NOTE 7.....		
26	Total Liabilities.....	910,051	903,559
27	Stockholders', Partners', or Proprietor's Equity..... NOTE 8 & 9.....	28,818	64,737
28	Total Liabilities and Equity.....	938,869	968,296

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	REVENUE:		
1	Casino.....	511,896	529,310
2	Rooms.....	33,435	34,794
3	Food and Beverage.....	54,973	55,307
4	Other.....	16,888	19,905
5	Total Revenue.....	617,192	639,316
6	Less: Promotional Allowances..... NOTE 2.....	129,899	123,404
7	Net Revenue.....	487,293	515,912
	COSTS AND EXPENSES:		
8	Cost of Goods and Services.....	283,199	289,595
9	Selling, General and Administrative.....	74,072	70,375
10	Provision for Doubtful Accounts.....	3,744	4,222
11	Total Costs and Expenses.....	361,015	364,192
12	Gross Operating Profit.....	126,278	151,720
13	Depreciation and Amortization..... NOTE 2.....	44,405	38,158
	Charges from Affiliates Other than Interest:.....	-	-
14	Management Fees.....	-	-
15	Other..... NOTE 6.....	6,099	6,068
16	Income (Loss) from Operations.....	75,774	107,494
	Other Income (Expenses):		
17	Interest Income (Expense) - Affiliates..... NOTE 4.....	(96,629)	(95,430)
18	Interest Income (Expense) - External..... NOTE 4.....	(1,686)	(973)
19	Investment Alternative Tax and Related Income (Expense) - Net.... NOTE 7.....	(3,405)	(6,234)
20	Nonoperating Income (Expense) - Net.....	344	616
21	Total Other Income (Expenses).....	(101,376)	(102,021)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(25,602)	5,473
23	Provision (Credit) for Income Taxes..... NOTE 2.....	2,400	2,319
24	Income (Loss) Before Extraordinary Items.....	(28,002)	3,154
25	Extraordinary Items (Net of Income Taxes- 2003, \$ ____; 2002, \$ ____).	-	-
26	Net Income (Loss).....	(28,002)	3,154

The accompanying notes are an integral part of the financial statements.  
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TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	REVENUE:		
1	Casino.....	116,673	120,803
2	Rooms.....	7,928	8,138
3	Food and Beverage.....	12,458	12,457
4	Other.....	3,945	4,302
5	Total Revenue.....	141,004	145,700
6	Less: Promotional Allowances..... NOTE 2.....	30,156	28,167
7	Net Revenue.....	110,848	117,533
	COSTS AND EXPENSES:		
8	Cost of Goods and Services.....	66,039	70,416
9	Selling, General and Administrative.....	17,604	16,376
10	Provision for Doubtful Accounts.....	895	313
11	Total Costs and Expenses.....	84,538	87,105
12	Gross Operating Profit.....	26,310	30,428
13	Depreciation and Amortization..... NOTE 2.....	11,704	10,092
	Charges from Affiliates Other than Interest:.....	-	-
14	Management Fees.....	-	-
15	Other..... NOTE 6.....	1,139	1,160
16	Income (Loss) from Operations.....	13,467	19,176
	Other Income (Expenses):		
17	Interest Income (Expense) - Affiliates..... NOTE 4.....	(24,130)	(24,203)
18	Interest Income (Expense) - External..... NOTE 4.....	(483)	(293)
19	Investment Alternative Tax and Related Income (Expense) - Net..... NOTE 7.....	(507)	(4,191)
20	Nonoperating Income (Expense) - Net.....	272	421
21	Total Other Income (Expenses).....	(24,848)	(28,266)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(11,381)	(9,090)
23	Provision (Credit) for Income Taxes..... NOTE 2.....	594	529
24	Income (Loss) Before Extraordinary Items.....	(11,975)	(9,619)
25	Extraordinary Items (Net of Income Taxes- 2003, \$ ____ ; 2002, \$ ____ ).....	-	-
26	Net Income (Loss).....	(11,975)	(9,619)

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002  
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2001.....	\$187,242	(\$10,918)		\$176,324
2	Net Income (Loss) - 2002.....		3,154		3,154
3	Capital Contributions..... NOTE 9.....	(35,565)			(35,565)
4	Capital Withdrawals.....				
5	Partnership Distributions..... NOTE 8.....	(79,176)			(79,176)
6	Prior Period Adjustments.....				
7	.....				
8	.....				
9	.....				
10	Balance, December 31, 2002.....	72,501	(7,764)		64,737
11	Net Income (Loss) - 2003.....		(28,002)		(28,002)
12	Capital Contributions.....				
13	Capital Withdrawals.....				
14	Partnership Distributions..... NOTE 8.....	(7,917)			(7,917)
15	Prior Period Adjustments.....				
16	.....				
17	.....				
18	.....				
19	Balance, December 31, 2003.....	\$64,584	(\$35,766)		\$28,818

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	24,137	39,911
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(13,889)	(14,993)
5	Proceeds from Disposition of Property and Equipment.....	-	-
6	Purchase of Casino Reinvestment Obligations.....	(5,746)	(6,709)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10		-	-
11		-	-
12	Net Cash Provided (Used) by Investing Activities.....	(19,635)	(21,702)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
14	Payments to Settle Short-Term Debt.....	-	-
15	Cash Proceeds from Issuance of Long-Term Debt.....	-	-
16	Costs of Issuing Debt.....	-	-
17	Payments to Settle Long-Term Debt.....	(8,851)	(4,500)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals .....	-	-
21	Partnership Distribution .....	(7,917)	(2,964)
22	Cash Disbursed for Capital Contribution .....	-	-
23	Net Cash Provided (Used) by Financing Activities.....	(16,768)	(7,464)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(12,266)	10,745
25	Cash and Cash Equivalents at Beginning of Period.....	52,811	42,066
26	Cash and Cash Equivalents at End of Period.....	40,545	52,811
	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	93,786	94,872
28	Income Taxes.....	375	375

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003 AND 2002

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	(28,002)	3,154
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	44,405	38,158
31	Amortization of Other Assets (Bond Discount).....	157	86
32	Amortization of Debt Discount or Premium.....	2,338	2,527
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	-	-
36	(Gain) Loss on Casino Reinvestment Obligations.....	3,405	6,234
37	(Gain) Loss from Other Investment Activities.....	-	-
38	Net (Increase) Decrease in Receivables and Patrons' Checks.....	(521)	5,480
39	Net (Increase) Decrease in Inventories.....	336	(137)
40	Net (Increase) Decrease in Other Current Assets.....	(315)	(1,319)
41	Net (Increase) Decrease in Other Assets.....	(5,108)	(7,930)
42	Net Increase (Decrease) in Accounts Payable.....	(310)	(3,722)
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt.....	7,752	(2,620)
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt.....	-	-
45	.....	-	-
46	.....	-	-
47	Net Cash Provided (Used) by Operating Activities.....	24,137	39,911

## SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	27,118	29,041
49	Less: Capital Lease Obligations Incurred.....	(13,229)	(14,048)
50	Cash Outflows for Property and Equipment.....	13,889	14,993
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	-	-
52	Goodwill Acquired.....	-	-
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment.....	-	-
54	Long-Term Debt Assumed.....	-	-
55	Issuance of Stock or Capital Invested.....	-	-
56	Cash Outflows to Acquire Business Entities.....	0	0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions/Partnership Distribution... NOTE 8 & 9 .	-	(111,777)
58	Plus: Issuances of Long-Term Debt to Affiliates, Net of Costs.....NOTE 9.....	-	35,565
59	Plus: Elimination of Amounts Due from Affiliates.....NOTE 8.....	-	76,212
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	0	0

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**  
**(Unaudited)**

**NOTE 1 - ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Operations

Trump Taj Mahal Associates, a New Jersey general partnership ("Taj Associates") is 100% beneficially owned by Trump Atlantic City Associates, a New Jersey general partnership ("Trump AC"). Trump AC is 100% beneficially owned by Trump Hotels & Casino Resorts Holdings, L.P., a Delaware limited partnership ("THCR Holdings") of which Trump Hotels & Casino Resorts, Inc., a Delaware corporation ("THCR"), is the sole general partner. In addition, Trump AC beneficially wholly owns Trump Plaza Associates, a New Jersey general partnership ("Plaza Associates"), which owns and operates the Trump Plaza Hotel and Casino located in Atlantic City, New Jersey.

Taj Associates owns and operates the Trump Taj Mahal Casino Resort (the "Taj Mahal"), an Atlantic City, New Jersey hotel, casino and convention center complex. The Atlantic City market is very competitive, especially since the opening of the Borgata Casino Hotel and Spa by a joint venture of MGM Mirage and Boyd Gaming in Atlantic City's marina district in July 2003, and is anticipated to become more competitive in the future. Taj Associates derives its revenues from casino operations, room rental, food and beverage sales, and entertainment revenue.

Trump AC, the parent of Taj Associates has incurred recurring operating losses, which totaled \$14.0 million, \$3.4 million, and \$53.9 million during the years ended December 31, 2001, 2002, and 2003, respectively and has a working capital deficit of \$41.0 million at December 31, 2003. The recurring operating losses are primarily the result of substantial debt service obligations on outstanding indebtedness. In 2004, Trump AC's debt service obligation is approximately \$155 million. Additionally, Trump AC has experienced increased competition and other challenges in its markets. Due to these factors, Trump AC has not been able to expand its operations or reinvest in the maintenance of its owned properties at desired levels. Furthermore, Trump AC does not currently have any short-term borrowing capacity available. Although Trump AC anticipates that it will have sufficient funds on hand to provide for the scheduled debt service obligations on its outstanding indebtedness during 2004, there can be no assurances such funds will be available.

As a result of these factors, management has reviewed various financing alternatives. As discussed in Note 10, Trump AC's parent company, Trump Hotels and Casino Resorts, Inc. ("THCR"), announced that it has entered into an exclusivity agreement with DLJ Merchant Bankers III, L.P. ("DLJMB") in connection with a proposed \$400 million equity investment by DLJMB to sponsor a comprehensive recapitalization of THCR and its subsidiaries. On the same date as the announcement of the Potential Recapitalization, certain credit agencies downgraded certain of THCR's indebtedness. The Potential Recapitalization is contingent upon a variety of factors. No assurances can be made that the Potential Recapitalization will occur, or if it does occur, that it will occur on terms acceptable to the Company to allow the Company to meet its obligations as they become due. Additionally, management has implemented programs to obtain cash flow savings and will continue to attempt to implement such programs in the upcoming year if the Potential Recapitalization does not occur. These programs include labor savings through increased automation of the Company's slot machine product on the gaming floor and the further reduction of planned capital expenditures and maintenance programs. However, there can be no assurances that these programs would be successful for any protracted period of time. Accordingly, the financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets, or the amounts and classification of liabilities that may result from the outcome of this uncertainty or the comprehensive recapitalization.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**  
**(Unaudited)**

Revenue Recognition

Gaming revenues represent the net win from gaming activities which is the difference between amounts of gaming wins and losses. Revenues from hotel and other services are recognized at the time the related services are performed.

Taj Associates provides an allowance for doubtful accounts arising from casino, hotel and other services, which is based upon a specific review of certain outstanding receivables as well as historical collection information. In determining the amount of the allowance, management is required to make certain estimates and assumptions. Actual results could differ from those estimates and assumptions.

Promotional Allowances

The retail value of room accommodations, food, beverage and other services provided to customers without charge is included in gross revenues and deducted as promotional allowances. The estimated departmental costs of providing such promotional allowances are included in costs of goods and services in the accompanying statements of income and consists of:

	Years Ended December 31,	
	2003	2002
Rooms .....	\$ 10,894,000	\$ 9,802,000
Food and Beverage .....	32,406,000	32,003,000
Other .....	3,134,000	3,722,000
	<u>\$ 46,434,000</u>	<u>\$ 45,527,000</u>

Promotional allowances also include volume based cash rebates and coin given to patrons.

Cash discounts based upon a negotiated amount with each customer are recognized as a promotional allowance on the date the related revenue is recorded. Cash-back program awards that are given to patrons based upon earning points for future awards are accrued as the patron earns the points. The amount is recorded as a promotional allowance in the statements of income. When estimating the amount of the accrual, Taj Associates calculates a redemption rate based upon historical redemption rates.

Taj Associates offers other incentive programs. These programs are monthly gifts and other promotional items that management elects the type of gift and the person to whom it will be sent. Since these awards are not cash awards, Taj Associates records them as costs of goods and services in the statements of income. Such amounts are expensed on the date the award can be utilized by the patron.

Statements of Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents include hotel and casino funds, funds on deposit with banks and temporary investments purchased with a maturity date of three months or less.

Inventories

Inventories of provisions and supplies are carried at the lower of cost (weighted average) or market.

Property and Equipment

Property and equipment is carried at cost and is depreciated on the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from three to seven years for furniture, fixtures and equipment and 40 years for buildings and building improvements. Leasehold improvements are amortized over the term of the related lease commencing in the period these assets are placed in service. Depreciation expense includes amortization of assets under capital lease obligations.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**  
**(Unaudited)**

Long-Lived Assets

In accordance with the provisions of Statement of Financial Accounting Standard No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", management assesses the carrying values of Taj Associates assets when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from the estimated future cash flows expected to result from its use. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as the effect of demand, competition and other economic factors. In circumstances where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. In estimating expected future cash flows for determining whether an asset is impaired, assets are grouped at the operating unit level, which for most of our assets is the individual casino. In estimating the fair value of an asset, management utilizes the prices of similar assets and the results of other valuation techniques. Taj Associates does not believe that any such changes have occurred.

Deferred Financing Costs

Financing costs, including underwriters' discounts and direct transactional fees (including accounting, legal and printing), associated with the issuance of debt have been capitalized as deferred bond and loan issuance costs in the accompanying balance sheet and are being amortized to interest expense over the terms of the related debt. For costs incurred related to refinancing efforts no longer pursued and transactional fees earned by employees upon the successful completion of a debt refinancing, such amounts are expensed as incurred.

Income Taxes

The accompanying financial statements do not include a provision for federal income taxes since Taj Associates is a partnership for federal income tax purposes and therefore income and losses are allocated and reported for federal income tax purposes by the partners.

Under the New Jersey Casino Control Act (the "Casino Control Act") Taj Associates is required to file a New Jersey corporation business tax return. At December 31, 2003, Taj Associates had State net operating loss carryforwards of approximately \$155,132,000, which is available to offset taxable income through the year 2010. The net operating loss carryforward results in a deferred state tax asset of \$13,962,000 which has been offset by a valuation allowance of \$13,962,000 as utilization of such carryforward is not certain. These New Jersey State net operating loss carry forwards expire from 2004 through 2010.

On July 3, 2002, the State of New Jersey passed the New Jersey Business Tax Reform Act (the "Act"). This Act, among other things, requires the suspension of the use of the New Jersey net operating loss carryforwards for two years and imposes a new Alternative Minimum Assessment amount under the New Jersey corporate business tax based on either gross receipts or gross profits, as defined. The Act is retroactive to January 1, 2002. In accordance with the Act, Taj Associates recorded a provision for current income tax expense of \$2,225,000 and \$2,319,000 for the years ended December 31, 2003 and 2002, respectively.

On July 1, 2003, the New Jersey legislature passed a law that increased the taxation of New Jersey casinos. The new law imposes, among other taxes, a New Jersey Profits Tax which imposes a 7.5% tax on each casino's 2002 adjusted net income (defined as net income plus management fees) subject to a minimum annual tax of \$350,000. The tax is assessed during the period from July 1 to June 30, to be consistent with the fiscal year of the State of New Jersey. For the year ended December 31, 2003, Taj Associates recorded a charge to income tax expense on the statements of income for \$175,000 related to the New Jersey Profits Tax. The legislation additionally imposes a 4.25% tax on complimentary (i.e. free rooms, food, beverages and entertainment given to patrons), an increase in the hotel tax of \$3.00 per day on each occupied room, and increases the parking fee tax from \$1.50 to \$3.00 per car per day.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**  
**(Unaudited)**

Advertising Expense

Taj Associates expenses advertising costs as they are incurred. Advertising expense was \$2,868,000 and \$3,598,000 for the years ended December 31, 2003 and 2002, respectively.

Recent Accounting Pronouncements

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This standard addresses the financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The standard is effective for fiscal years beginning after June 15, 2002. The effect of adoption was not material to Taj Associates financial results.

Effective January 1, 2003, Taj Associates adopted the Financial Accounting Standards Board's ("FASB") Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an Interpretation of FASB Statements No. 5, 57, and 107 and Rescission of FASB Interpretation No. 34" ("FIN 45"). The interpretation requires that upon issuance of a guarantee, the entity must recognize a liability for the fair value of the obligation it assumes under that guarantee. In addition, FIN 45 requires disclosures about the guarantees that an entity has issued, including a roll-forward of the entity's product warranty liabilities. This interpretation is intended to improve the comparability of financial reporting by requiring identical accounting for guarantees issued with separately identified consideration and guarantees issued without separately identified consideration. Adoption of this Interpretation had no material impact on Taj Associates financial position, results of operations, or liquidity.

In January 2003, the FASB issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an interpretation of ARB 51." The primary objectives of this interpretation are to provide guidance on the identification of entities for which control is achieved through means other than through voting rights ("variable interest entities") and how to determine when and which business enterprise (the "primary beneficiary") should consolidate the variable interest entity. This new model for consolidation applies to an entity in which either (i) the equity investors (if any) do not have a controlling financial interest; or (ii) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN 46 requires that the primary beneficiary, as well as all other enterprises with a significant variable interest in a variable interest entity, make additional disclosures. Certain disclosure requirements of FIN 46 were effective for financial statements issued after January 31, 2003. In December 2003, the FASB issued FIN 46 (revised December 2003), "Consolidation of Variable Interest Entities" ("FIN 46-R") to address certain FIN 46 implementation issues. The effective dates and impact of FIN 46 and FIN 46-R are as follows: (i) Special-purpose entities ("SPEs") created prior to February 1, 2003- the company must apply either the provisions of FIN 46 or early adopt the provisions of FIN 46-R at the end of the first interim or annual reporting period ending after December 15, 2003. (ii) Non-SPEs created prior to February 1, 2003- the company is required to adopt FIN 46-R at the end of the first interim or annual reporting period ending after March 15, 2004. (iii) All entities, regardless of whether an SPE, that were created subsequent to January 31, 2003- the provisions of FIN 46 were applicable for variable interests in entities obtained after January 31, 2003. The adoption of the provisions applicable to SPEs and all other variable interests obtained after January 31, 2003 did not have a material impact on Taj Associates consolidated financial position, consolidated results of operations, or liquidity. Taj Associates is currently evaluating the impact of adopting FIN 46-R applicable to Non-SPEs created prior to February 1, 2003 but does not expect a material impact.

Reclassifications

Certain reclassifications and disclosures have been made to prior year financial statements in order to conform to the current year presentation.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**  
**(Unaudited)**

**NOTE 3 - PROPERTY AND EQUIPMENT**

	December 31,	
	2003	2002
Land .....	\$ 74,568,000	\$ 74,568,000
Buildings .....	919,269,000	910,089,000
Furniture, fixtures and equipment .....	146,563,000	125,879,000
Construction in progress .....	404,000	4,673,000
Total .....	1,140,804,000	1,115,209,000
Less Accumulated Depreciation (Note 2) .....	(289,459,000)	(248,564,000)
Net Property and Equipment .....	\$ 851,345,000	\$ 866,645,000

**NOTE 4 - LONG TERM DEBT**

Long term debt consists of the following:

	December 31, 2003	December 31, 2002
Note Payable - Trump AC and Trump AC Funding 11.25% First Mortgage Notes, due 2006 (a) .....	\$ 800,000,000	\$ 800,000,000
Note Payable - Trump AC, Trump AC Funding II and Trump AC Funding III 11.25% First Mortgage Notes, due 2006, net of unamortized discount of \$303,000 and \$460,000 respectively (b) .....	36,447,000	36,290,000
Capitalized lease obligations (c) .....	20,217,000	15,839,000
	856,664,000	852,129,000
Less: Current maturities .....	(9,960,000)	(5,668,000)
	\$ 846,704,000	\$ 846,461,000

(a) In April 1996, Trump AC and Trump Atlantic City Funding, Inc., a wholly owned subsidiary of Trump AC ("Trump AC Funding"), issued \$1,200,000,000 principal amount of 11.25% First Mortgage Notes due May 1, 2006 (the "TAC I Notes"). Interest on the TAC I Notes is due semiannually. The Trump AC Mortgage Notes are guaranteed as to payment of principal and interest, jointly and severally, by Taj Associates, Plaza Associates, Trump AC and all future subsidiaries of Trump AC (other than Trump AC Funding). The TAC I Notes are jointly and severally secured by mortgages representing a first lien and security interest on substantially all the assets of Taj Associates and Plaza Associates. The indenture pursuant to which the TAC I Notes were issued restricts the ability of Trump AC and its subsidiaries to make distributions or to pay dividends, as the case may be, unless certain financial ratios are achieved. In addition, the ability of Taj Associates and Plaza Associates to make payments of dividends or distributions (except for payment of interest) through Trump AC to THCR Holdings may be restricted by the New Jersey Casino Control Commission ("CCC").

(b) In December 1997, Trump AC and Trump Atlantic City Funding II, Inc. ("Trump AC Funding II") issued \$75,000,000 principal amount of 11.25% First Mortgage Notes due May 1, 2006 (the "TAC II Notes"). In December 1997, Trump AC and Trump Atlantic City Funding III, Inc. ("Trump AC Funding III") issued \$25,000,000 principal amount of 11.25% First Mortgage Notes due May 1, 2006 (the "TAC III Notes and together with the TAC I Notes and TAC II Notes, the Trump AC Mortgage Notes").

From the proceeds of the issuance of the Trump AC Mortgage Notes, Trump AC loaned \$800,000,000 and \$36,750,000 to Taj Associates with interest at 11.25%, due May 1, 2006 with the same terms as the Trump AC Mortgage Notes.

(c) Interest on these leases are payable with interest rates ranging from 6.0% to 18.2%. The leases are due at various dates between 2004 and 2007 and are secured by the equipment financed.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**  
**(Unaudited)**

The Trump AC Mortgage Notes include restrictive covenants prohibiting or limiting, among other things, the sale of assets, the making of acquisitions and other investments, certain capital expenditures, the incurrence of additional debt and liens and the payment of dividends and distributions.

Future minimum payments under capital leases as of December 31, 2003 are as follows:

2004 .....	\$	11,195,000
2005 .....		8,128,000
2006 .....		2,161,000
2007 .....		536,000
2008 .....		—
Total Minimum Payments .....		22,020,000
Less: Amount representing interest .....		(1,803,000)
Present Value of minimum lease payments .....	\$	<u>20,217,000</u>

The aggregate maturities of long-term debt, including capital leases, as of December 31, 2003 are as follows:

2004 .....	\$	9,960,000
2005 .....		7,671,000
2006 .....		838,520,000
2007 .....		513,000
2008 .....		—
	\$	<u>856,664,000</u>

**NOTE 5 - OTHER ACCRUED EXPENSES**

	December 31,	
	2003	2002
Accrued interest	\$ 7,520,000	\$ 5,486,000
Accrued advertising/marketing	1,346,000	1,366,000
Accrued payroll & related	11,504,000	14,099,000
Accrued CRDA obligation	1,474,000	1,520,000
Accrued litigation	479,000	642,000
Other **	4,355,000	3,903,000
Total	<u>\$ 26,678,000</u>	<u>\$ 27,016,000</u>

\*\* None of the individual components of Other exceed 5% of the total.

**NOTE 6 - TRANSACTIONS WITH AFFILIATES**

Taj Associates has engaged in certain transactions with Donald J. Trump ("Mr. Trump") and entities that are wholly or partially owned by Trump. Amounts receivable/(payable) at December 31 are as follows:

	December 31,	
	2003	2002
Trump Marina Associates ("Marina Associates")	\$ (6,000)	\$ 38,000
Plaza Associates	15,000	30,000
Trump Indiana, Inc.	(87,000)	—
Trump Administration	(2,149,000)	(33,000)
Trump AC	4,926,000	2,000,000
	<u>\$ 2,699,000</u>	<u>\$ 2,035,000</u>

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**  
**(Unaudited)**

Taj Associates engages in various transactions with the other Atlantic City hotel/casinos and related casino entities owned by Mr. Trump. These transactions are charged at cost or normal selling price in the case of retail items and include certain shared professional fees, insurance, and payroll costs as well as complimentary services offered to customers.

Beginning in late 1997, the Taj Mahal utilizes certain facilities owned by Mr. Trump to entertain high-end customers. Management believes that the ability to utilize these facilities has enhanced Taj Associates revenues. In 2003 and 2002, Taj Associates incurred approximately \$28,000 and \$201,000, respectively, for customer costs associated with such utilization. In addition, in exchange for having Mr. Trump's plane available to customers of the Taj Mahal, Taj Associates has incurred pilot costs of approximately \$139,000 and \$147,000 for the years ended December 31, 2003 and 2002, respectively.

Trump Taj Mahal Associates Administration, a separate division of Taj Associates ("Trump Administration") was formed for the purpose of realizing cost savings and operational synergies by consolidating certain administrative functions of, and providing certain services to Taj Associates, Plaza Associates and Marina Associates. Management believes that Trump Administration's services will continue to result in substantial cost savings and operational synergies.

Executive Agreement

In connection with the recapitalization of an affiliate entity, Trump Casino Holdings, LLC, or TCH, and the termination of Mr. Trump's services agreement with Trump Marina Associates, L.P. (a subsidiary of TCH), THCR revisited Mr. Trump's compensation arrangements. On April 10, 2003, Mr. Trump, THCR and THCR Holdings entered into an Amended and Restated Executive Agreement (or the Amended Executive Agreement). The Amended Executive Agreement amended and restated the then existing Executive Agreement and is effective as of January 1, 2003. The Amended Executive Agreement was amended on September 17, 2003 to add Trump AC as a party. Pursuant to the Amended Executive Agreement, Mr. Trump has agreed to act as the President and Chief Executive Officer of THCR and its subsidiaries, if requested. THCR has agreed to nominate Mr. Trump to serve as a director of THCR and, if elected, to appoint him as its Chairman. The initial term of the Amended Executive Agreement is three years and, thereafter, it is automatically extended so that the remaining term on any date is always three years, until such time during such rolling term that either party gives written notice to the other of its election not to continue extending such term, in which case the term shall end three years from the date of which such notice is given. THCR can terminate the Amended Executive Agreement if Mr. Trump fails to maintain various material casino gaming licenses and authorizations and the loss of such licenses has a material adverse effect on THCR and its subsidiaries.

Under the Amended Executive Agreement, Mr. Trump's annual base salary is \$1.5 million per year, beginning January 1, 2003. In addition, from and after January 1, 2003, Mr. Trump will be paid additional fixed compensation of \$1.5 million per year if THCR achieves consolidated EBITDA (as defined) of \$270 million in any year and incentive compensation equal to 5.0% of THCR's consolidated EBITDA in excess of \$270 million. The term "Consolidated EBITDA" means, with respect to THCR and its consolidated subsidiaries, for any period, an amount equal to the sum of (i) the net income (or loss) of THCR and its consolidated subsidiaries for such period determined in accordance with generally accepted accounting principles, consistently applied, excluding any extraordinary, unusual or non-recurring gains or losses, plus (ii) all amounts deducted in computing such net income (or loss) in respect of interest (including the imputed interest portions of rentals under capitalized leases), depreciation, amortization and taxes based upon or measured by income, plus (iii) other non-cash charges arising from market value adjustments and adjustments pertaining to contributions of deposits in each case in respect of CRDA Bonds. Additional fixed compensation and incentive compensation for a given year shall not be deducted in determining net income of THCR for such year.

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

Operating Leases

Taj Associates leases certain property, warehouse space and various equipment under operating leases. Rent expense for the years ended December 31, 2003 and 2002 was \$4,247,000 and \$4,882,000, respectively.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**  
**(Unaudited)**

Future minimum lease payments under the noncancellable operating leases are as follows:

2004	.....	\$	3,414,000
2005	.....		2,571,000
2006	.....		1,924,000
2007	.....		1,924,000
2008	.....		—
		\$	<u>9,833,000</u>

Certain of these leases contain options to purchase the leased properties at various prices throughout the leased terms.

Employment Agreements

As of December 31, 2003, Taj Associates had an aggregate minimum contractual obligation, of approximately \$8,525,000 under various employment agreements with certain employees, of which approximately \$2,550,000 will be reimbursed through the Trump Taj Mahal Administration's Casino Services Agreement. These commitments mature at various dates through 2006.

CAFRA Agreement

Taj Associates received a permit under the Coastal Area Facilities Review Act ("CAFRA") (which included a condition of Taj Associates' casino license) that initially required Taj Associates to begin construction of certain improvements on the Steel Pier by October 1992, which improvements were to be completed within 18 months of commencement. Taj Associates initially proposed a concept to improve the Steel Pier, the estimated cost of which was \$30,000,000. Such concept was approved by the New Jersey Department of Environmental Protection, the agency which administers CAFRA. In March 1993, Taj Associates obtained a modification of its CAFRA permit providing for the extension of the required commencement and completion dates of the improvements to the Steel Pier for one year, which has been renewed annually based upon an interim use of the Steel Pier as an amusement park. The pier sublease terminates on December 31, 2012 unless extended.

Employee Benefit Plan

Taj Associates participates in a retirement savings plan, the Trump Capital Accumulation Plan, (the "Plan") for its nonunion employees under Section 401(k) of the Internal Revenue Code. Employees are eligible to contribute up to 30% of their earnings (as defined) to the Plan up to the maximum amount permitted by law, with Taj Associates matching 50% of an eligible employee's contributions up to a maximum of 6% of the employee's earnings. Taj Associates recorded charges of \$1,794,000 and \$1,835,000 for matching contributions for the years ended December 31, 2003 and 2002, respectively.

Taj Associates makes payments to various trustee multi-employer pension plans under industry-wide union agreements. The payments are based on the hours worked by or gross wages paid to covered employees. It is not practical to determine the amount of payments ultimately used to fund pension benefit plans or the current financial condition of the plans. Under the Employee Retirement Income Security Act, Taj Associates may be liable for its share of the plan's unfunded liabilities, if any, if the plans are terminated. Pension expense charged to operations for the years ended December 31, 2003 and 2002 was \$2,754,000 and \$2,459,000 respectively.

Taj Associates provides no other material, post-retirement or post-employment benefits.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**  
**(Unaudited)**

New Jersey Casino License Regulations and Renewal

The operation of an Atlantic City hotel and casino is subject to significant regulatory controls which affect virtually all of its operations. Under the Casino Control Act, Taj Associates is required to maintain certain licenses. Casino licenses must be renewed periodically, are not transferable, are dependent on the financial stability of the licensee and can be revoked at any time.

In June 2003, the New Jersey Casino Control Commission (the "CCC") renewed Taj Associates' casino license to operate the Taj Mahal for a period of four years through June 25, 2007. Upon revocation, suspension for more than 120 days, or failure to renew the casino license, the Casino Control Act provides for the mandatory appointment of a conservator to take possession of the hotel and casino's business and property, subject to all valid liens, claims and encumbrances.

Gaming Taxes

The Atlantic City Casinos are required to pay an annual tax of 8.0% on their gross casino revenues. For the years ended December 31, 2003, and 2002, Taj Associates gross revenue tax was approximately \$41,244,000, and \$42,561,000, respectively.

Legal Proceedings

Taj Associates, certain members of its former executive committee and certain of its employees have been involved in various legal proceedings. In general, Taj Associates has agreed to indemnify such persons against any and all losses, claims, damages, expenses (including reasonable costs, disbursements and counsel fees) and liabilities (including amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties) incurred by them in said legal proceedings.

Various legal proceedings are now pending against Taj Associates. Taj Associates considers all such proceedings to be ordinary litigation incident to the character of its business. Taj Associates believes that the resolution of these claims will not, individually or in the aggregate, have a material adverse effect on its financial condition or results of operations.

Taj Associates is also a party to various administrative proceedings involving allegations that it has violated certain provisions of the Casino Control Act. Taj Associates believes that the final outcome of these proceedings will not, either individually or in the aggregate, have a material adverse effect on its financial condition, results of operations or on the ability of Taj Associates to otherwise retain or renew any casino or other licenses required under the Casino Control Act for the operation of the property.

Self-Insurance Reserves

Self-insurance reserves represent the estimated amounts of uninsured claims related to employee health medical costs, workman's compensation and personal injury claims that have occurred in the normal course of business. These reserves are established by management based upon specific review of open claims, with consideration of incurred but not reported claims as of the balance sheet date. The costs of the ultimate disposition of these claims may differ from these reserve amounts.

Federal Income Tax Examination

Taj Associates is currently involved in an examination with the Internal Revenue Service ("IRS") concerning Taj Associates' federal partnership income tax returns for the tax years 1994 through 1996. While any adjustment which results from this examination could affect Taj Associates' state income tax return, Taj Associates does not believe that adjustments, if any, will have a material adverse effect on its financial condition or results of operations.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**  
**(Unaudited)**

Casino Reinvestment Development Authority Obligations

Pursuant to the provisions of the Casino Control Act, Taj Associates must either obtain investment tax credits, as defined in the Casino Control Act, in an amount equivalent to 1.25% of its gross casino revenues, as defined in the Casino Control Act, or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by making qualified investments, as defined, or by depositing funds which may be converted to bonds by the Casino Reinvestment Development Authority ("CRDA"), both of which bear interest at two-thirds of market rates resulting in a fair value lower than cost. Taj Associates is required to make quarterly deposits with the CRDA to satisfy its investment obligations.

For the years ended December 31, 2003 and 2002, Taj Associates charged to operations, on the date funds were deposited with the CRDA, amounts of \$2,159,000 and \$2,217,000 respectively, to give effect to the below market interest rates associated with CRDA deposits and bonds. From time to time Taj Associates has elected to donate funds it has on deposit with the CRDA for various projects. Taj Associates is not obligated to make donations to any specific project, and management elects to donate funds based on the specific facts of each potential donation transaction. Donations in the amounts of \$2,977,000 and \$6,192,000 were made during the years ended December 31, 2003 and 2002, respectively. As a result of these donations, Taj Associates charged the carrying value to operations of \$1,246,000 and \$4,017,000 during the years ended December 31, 2003 and 2002, respectively.

CRDA bonds and investments are included as other long-term assets on the accompanying Balance Sheets and are summarized as follows:

	December 31,	
	<u>2003</u>	<u>2002</u>
CRDA deposits, net of valuation allowance of \$4,673,000 and \$5,324,000, respectively.	\$ 8,993,000	\$ 10,503,000
CRDA bonds, net of valuation allowance of \$968,000 and \$740,000, respectively.	1,561,000	899,000
	<u>\$ 10,554,000</u>	<u>\$ 11,402,000</u>

**NOTE 8 - PARTNERSHIP DISTRIBUTION**

Pursuant to the indentures governing the Trump AC Mortgage Notes, Trump AC is permitted to reimburse THCR for its operating and interest expenses. These reimbursements are subject to limitations set forth in such indentures, including an annual limitation of \$10,000,000 in operating expense reimbursements and a life- time limitation of \$50,000,000 in interest expense reimbursements.

As such, Trump AC's subsidiaries, Taj Associates and Plaza Associates are permitted to reimburse Trump AC for its interest expenses and operating expense reimbursements to THCR. During the quarter ended June 30, 2002, Taj Associates declared a partnership distribution to Trump AC of \$76,212,000. Previously these amounts were presented as Advances to Affiliates on the balance sheet. Additionally, during the six months ended December 31, 2002, Taj Associates declared cash partnership distributions to Trump AC of \$2,964,000 consisting of operating expense reimbursements. During the year ended December 31, 2003, Taj Associates declared cash partnership distributions to Trump AC of \$7,917,000 consisting of operating expense reimbursements.

**NOTE 9 - PARTNERSHIP CAPITAL**

Trump AC together with Trump AC Funding II and Trump AC Funding III issued Trump AC Mortgage Notes in an aggregate principal amount of \$75,000,000 and \$25,000,000, respectively, which bear interest at 11.25% and are due May 1, 2006. Interest on the Trump AC Mortgage Notes is due semiannually. The Trump AC Mortgage Notes are guaranteed as to payment of principal and interest jointly and severally by Taj Associates, Plaza Associates, Trump AC and all future subsidiaries of Trump AC (other than Trump AC Funding). The Trump AC Mortgage Notes are jointly and severally secured by mortgages representing a first lien and security interest on substantially all of the assets of Taj Associates and Plaza Associates.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(Unaudited)**

From the proceeds of the issuance of the Trump AC Mortgage Notes, Taj Associates and Plaza Associates each received the benefit of \$36,750,000 and \$63,250,000, respectively. Accordingly these amounts plus apportioned deferred loan costs net of unamortized discounts were recorded in the stand alone financial statements of both Taj Associates and Plaza Associates during the quarter ended June 30, 2002. Previously these amounts were recorded solely on the financial statements of Trump AC.

**NOTE 10 - SUBSEQUENT EVENTS**

On February 12, 2004, Trump Hotels & Casino Resort, Inc., or THCR, our ultimate parent company, announced that it has entered into an exclusivity agreement with DLJ Merchant Banking Partners III, L.P., or DLJMB, an affiliate of Credit Suisse First Boston, in connection with a proposed \$400 million equity investment by DLJMB to sponsor a comprehensive recapitalization of THCR. Consummation of such recapitalization is subject to a variety of conditions, as discussed below. DLJMB's proposed investment will be in the form of THCR's common stock and limited partnership units of THCR Holdings, and will, if consummated, result in a substantial deleveraging of THCR's balance sheet. DLJMB would also become the majority shareholder of THCR, with Donald J. Trump continuing as the Chairman of THCR's Board of Directors and a significant equity holder. The Potential Recapitalization, if consummated, is anticipated to, among other things, facilitate a large scale expansion of THCR's current properties. In connection with the Potential Recapitalization, THCR also intends to change its name to Trump International Corporation.

DLJMB's investment is contingent upon a number of factors, including (i) obtaining approvals from the casino gaming regulatory authorities, (ii) a restructuring of the Trump Atlantic City Associates 11.25% First Mortgage Notes due 2006 (or the Trump AC Mortgage Notes) (approximately \$1.3 billion outstanding at December 31, 2003) and Trump Casino Holdings, LLC 11.625% First Priority Mortgage Notes due 2010 (or the First Priority Mortgage Notes) and 17.625% Second Priority Mortgage Notes due 2010 (or the Second Priority Mortgage Notes, and together with the First Priority Mortgage Notes, the TCH Notes) (approximately \$425 million and \$66.8 million, respectively, outstanding at December 31, 2003) at a discount to the face amount of such notes, and (iii) agreeing upon a purchase price for THCR's common stock and THCR Holdings limited partnership units with DLJMB.

Although THCR has had extensive discussions with DLJMB regarding the potential transaction, it has not entered into any definitive agreements with DLJMB or any other parties, including note holders, concerning the proposed DLJMB transaction or any other recapitalization (other than the exclusivity agreement with DLJMB and an agreement to pay DLJMB expenses in certain circumstances and a substantial fee if certain transactions occur within specified periods and DLJMB does not participate). There is no assurance that the terms of a definitive agreement concerning DLJMB's proposed investment in THCR will be reached between THCR and DLJMB, that THCR's debt will be restructured, or that any Potential Recapitalization will be consummated. Furthermore, the impact of the Potential Recapitalization on existing security holders is uncertain. As noted above, the Potential Recapitalization is conditioned upon the holders of the Trump AC Mortgage Notes and the TCH Notes agreeing to a reduction in the face amount of their notes.

**NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amount of the following financial instruments approximates fair value, as follows: (a) cash and cash equivalents, receivables and payables are based on the short term nature of these financial instruments and (b) CRDA bonds and deposits are based on the allowances to give effect to the below market interest rates.

**TRUMP TAJ MAHAL CASINO RESORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**  
**(Unaudited)**

The estimated fair values of the other financial instruments are as follows:

	<b>December 31, 2003</b>	
	<b><u>Carrying Amount</u></b>	<b><u>Fair Value</u></b>
Trump AC and Trump AC Funding 11.25% First Mortgage Notes, due 2006 . . .	\$ 800,000,000	\$ 614,000,000
Trump AC and Trump AC Funding II 11.25% First Mortgage Notes, due 2006 . .	\$ 27,359,000	\$ 21,154,000
Trump AC and Trump AC Funding III 11.25% First Mortgage Notes, due 2006 .	\$ 9,088,000	\$ 7,051,000

The fair values of the Trump AC Mortgage Notes, Trump AC Funding II Mortgage Notes and Trump AC Funding III Mortgages Notes are based on quoted market prices as of December 31, 2003.

The fair value of notes payable approximates their carrying value based on their respective terms.

# SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2003

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	75,327	\$ 5,604		
2	Food	409,079	5,454		
3	Beverage	1,554,425	2,497		
4	Travel			17,144	\$ 1,664
5	Bus Program Cash	142,079	1,494		
6	Other Cash Comps	470,333	14,783		
7	Entertainment	2,113	76	3,620	492
8	Retail & Gifts			24,863	1,357
9	Parking				
10	Other **	3,841	248	20,333	418
11	Total	2,657,197	\$ 30,156	65,960	\$ 3,931

\* No Complimentary service or item within Other exceeds 5% of the total.

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	309,763	\$ 23,931		
2	Food	2,113,235	25,133		
3	Beverage	6,220,915	9,920		
4	Travel			59,589	\$ 6,711
5	Bus Program Cash	602,198	5,658		
6	Other Cash Comps	2,047,878	63,592		
7	Entertainment	16,623	708	16,165	1,119
8	Retail & Gifts			161,507	5,716
9	Parking				
10	Other **	15,525	957	67,131	1,525
11	Total	11,326,137	\$ 129,899	304,392	\$ 15,071

\*\* No Complimentary service or item within Other exceeds 5% of the total.

# STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

STATE OF NEW JERSEY :  
COUNTY OF ATLANTIC :SS,  
:


James L. Wright, being duly sworn according to law upon my oath deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

Subscribed and sworn to before  
me this 31<sup>st</sup> day of March, 2004

  
Signature

Suzanne H. Wallowitch  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires November 23, 2008  
Basis of Authority  
to Take Oaths

  
Signature

Vice President of Finance  
Title

003507-11  
License Number

On Behalf Of:

Trump Taj Mahal Casino Resort  
Casino Licensee

# **SCHEDULE OF RECEIVABLES AND PATRON'S CHECK**

**LICENSEE    TRUMP TAJ MAHAL CASINO RESORT**

**FOR THE QUARTER ENDED DECEMBER 31, 2003**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**



# **SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS**

FOR THE YEAR ENDED DECEMBER 31, 2003

(UNAUDITED)  
(\$ IN THOUSANDS)

## ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	9,994		
2	Returned Patrons' Checks.....	13,426		
3	Total Patrons' Checks.....	23,420	(10,582)	12,838
4	Hotel Receivables.....	1,110	(134)	976
	Other Receivables:			
5	Receivables Due from Officers and Employees.....			
6	Receivables Due from Affiliates.....			
7	Other Accounts and Notes Receivables.....	2,317		
8	Total Other Receivables.....	2,317		2,317
9	Totals (Form CCC-205).....	26,847	(10,716)	16,131

## UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	7,800
	Counter Checks Issued (Excluding Counter Checks Issued Through Transactions Relating to Consolidations, Partial Redemptions, Substitutions, and Patrons' Cash Deposits).....	235,229
	Checks Redeemed Prior to Deposit (Excluding the Unredeemed Portion of Counter Checks Redeemed Through Partial Redemptions, and Excluding Checks Redeemed Through Transactions Relating to Consolidations, Substitutions, and Patrons' Cash Deposits).....	(163,624)
12	Checks Collected Through Deposits.....	(61,212)
13	Checks Transferred to Returned Checks.....	(8,199)
14	Other Adjustments.....	
15	Ending Balance.....	9,994
16	"Hold" Checks Included in Balance on Line 16.....	\$
17	Provision for Uncollectible Patrons' Checks.....	3,662
18	Provision as a Percent of Counter Checks Issued.....	1.56 %
19		

Under penalties of perjury, I declare that I have examined this Schedule of Receivables and Patrons' Checks and to the best of my knowledge and belief, it is true and complete.

3/30/04  
Date

*James L. Wright*  
Signature

V. P. FINANCE  
Title of Officer

# **ANNUAL EMPLOYMENT AND PAYROLL REPORT**

**LICENSEE      TRUMP TAJ MAHAL CASINO RESORT**

**ADDRESS      1000 BOARDWALK**

**ATLANTIC CITY, NEW JERSEY 08401**

**FOR THE YEAR ENDED DECEMBER 31, 2003**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**

**NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING**

**THIS YEAR REPORT      JAMES L. WRIGHT**

**OFFICIAL TITLE      VICE PRESIDENT OF FINANCE**

**ADDRESS      1000 BOARDWALK  
ATLANTIC CITY, NEW JERSEY 08401**

## ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2003

(\$ IN THOUSANDS)

LINE a)	DEPARTMENT (b)	NUMBER OF EMPLOYEES at December 31 (c)	SALARIES AND WAGES		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
1	CASINO ADMINISTRATION	6	\$655	\$188	\$844
2	GAMING	1,170	27,436	0	27,436
3	SLOTS	281	8,836	368	9,204
4	CASINO ACCOUNTING	441	11,835	142	11,978
5	SIMULCASTING	9	235	0	235
6	OTHER	13	436	119	555
7	TOTAL-CASINO	1,920	49,434	818	50,252
8	ROOMS	330	7,829	114	7,943
9	FOOD AND BEVERAGE	1,183	23,552	152	23,703
10	OTHER OPERATED DEPARTMENTS				
11	COMMUNICATIONS	23	545	0	545
12	HEALTH CLUB	11	273	0	273
13	RETAIL ADMINISTRARION	2	112	0	112
14	RETAIL OPERATIONS	6	128	0	128
15					
16					
17					
18					
19					
20	ADMINISTRATIVE AND GENERAL EXECUTIVE OFFICE	2	53	1,055	1,108
21	ACCOUNTING AND AUDITING	126	3,876	319	4,195
22	SECURITY	310	8,313	111	8,423
23	OTHER ADMINISTRATIVE AND GENERAL DEPARTMENTS	148	7,501	172	7,673
24	MARKETING	186	8,200	1,926	10,126
25	GUEST ENTERTAINMENT	259	2,991	65	3,056
26	PROPERTY OPERATION AND MAINTENANCE	353	12,563	0	12,563
27	TOTALS-ALL DEPARTMENTS	4,859	\$125,368	\$4,732	\$130,100

CCC-376

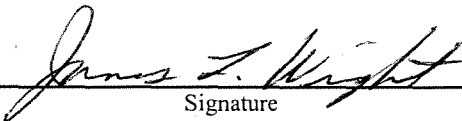
TRADING NAME OF LICENSEE:

TRUMP TAJ MAHAL ASSOCIATES

**ANNUAL EMPLOYMENT AND PAYROLL REPORT  
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 2003

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, no material discrepancies were noted for the period covered by this report, or if material discrepancies were noted, a detailed explanation is included on the attached page.

  
\_\_\_\_\_  
Signature  
James L. Wright

March 31, 2004  
\_\_\_\_\_  
Date

Vice President of Finance  
\_\_\_\_\_  
Title

Amended

3/26/04

TRADING NAME OF LICENSEE : TRUMP TAJ MAHAL CASINO RESORT

**GROSS REVENUE ANNUAL TAX RETURN**

FOR THE YEAR ENDED DECEMBER 31, 2003

(\$ in Thousands)

Line**CASINO WIN:**

1.	Table and Other Games Win.....	\$174,056
2.	Slot Machines Win.....	\$343,029
3.	Total Win.....	\$517,085
<b>Less - Adjustment for Uncollectible Patrons' Checks:</b>		
4.	Provision for Uncollectible Patrons' Checks .....	\$1,590
5.	Maximum Adjustment (4% of line 3) .....	\$10,404
6.	Adjustment (the lesser of line 4 or line 5) .....	\$1,590
7.	Gross Revenue (line 3 less line 6).....	\$515,495
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....	\$41,240
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years .....	\$0
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9).....	\$41,240
11.	Total Deposits Made for Tax on Reporting Year's Gross Revenue.....	(\$41,240)
<b>Settlement of Prior Years' Tax on Gross Revenue</b>		
12.	Resulting from Audit or Other Adjustments - (Deposits) Credits .....	\$0
13.	Gross Revenue Taxes Payable (the net of lines 10, 11 and 12) .....	\$0

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

3/26/04  
Date

  
Signature

VP/Casino Finance  
Title of Officer